

# Automated Commercial Environment—Requirements Recommendation

<b>Date:</b>	August 31, 2001
<b>Number:</b>	ITD-HL-002
<b>Requestor:</b>	ITDS Sub-Committee
<b>Customs Co-Chair:</b>	Allison Suliveras
<b>Trade Co-Chair:</b>	Tom Anastasi and Sandra Scott

## Requirement

### **Establish Risk Management Systems for Participating Agencies**

Many Government agencies have missions that entail controlling or monitoring products moving across U.S. borders or trade data on such shipments, and the typical method of exercising these controls and collecting data will be through the utilization of ACE. These agencies will need to have risk management (RM) system that will identify threats or items of interest to that agency. The RM will need to place “holds” on shipments, communicate actions to Customs or agency officials, communicate actions or information requests to the trade entity responsible for the shipment, tabulate performance metrics, trigger and transmit “releases”, etc.

Depending on the needs of an agency, the RM system could be as simple as a table of risk criteria or instructions that are triggered by data submitted for the shipment by a carrier, importer, exporter, broker, etc. The data could include such items as importer number, commodity code, country of origin, etc. or any combination of data. The RM system could operate based on shipment data sent in advance of actual cargo movement or upon arrival at the border crossing. The RM system required by some agencies could be quite sophisticated, perhaps involving an AI or neural based approach.

An agency could rely upon a generic RM system that resides on the ACE system, or it may simply require ACE to collect specific data requirements on certain shipments that would be transmitted to the agency’s internal RM system for their processing and then return the “action” notice back through ACE to the appropriate bodies.

Regardless, a tracking and evaluation system will be necessary to ensure compliance with the agencies’ requirements and to assess the effectiveness of the system and RM process. It is essential that the system is capable of notifying all appropriate bodies (trade, Customs, etc.) of any action or information requirement.

## Business Need

The trade community needs to know in advance the full data requirements necessary for each agency in advance of data transmission and when in the process the data is required to meet the agencies’

compliance requirement. The trade will also need to have some knowledge of the “turn-around” time for an agency to process the data through it’s RM system and to provide a disposition to the trade. Cycle-time is critical to the business community. The level of data required to meet all the requirements of all the agencies must be known in advance of shipment, and it is incumbent upon the agencies to demonstrate why such data is important for cargo release or subsequent to importation. To the maximum extent possible, the trade needs the systems to operate 24x7 and the process to be automatic as possible (free of manual intervention by the agencies).

#### Technical Need

The trade includes large and small companies that have varying systems capabilities; therefore, it is essential that ACE provide a variety of means of communicating data, including EDI, XML, web-based systems, etc.

#### Benefits

The benefits of a RM system would be a more predictable, systems-driven decision process as to which shipments are actually stopped for inspection or processing at the border facilities. Done correctly, a RM system should improve cycle-times, improve compliance, and reduce costs for both the agencies and for the trade community.

#### Risks

Some agencies may resist establishing a risk management system, preferring to manually process each and every shipment. Some agencies may view an RM as a way to require all sorts of extra data elements that they previously could not get or use under a manual system. Some agencies may not have internal systems that can deliver acceptable cycle-times.

#### Related Subcommittees

Accounts, Entry, and Multimodal

**Priority:**    **Critical**   ☐        **High**   ☒        **Medium**   ☐        **Low**   ☐

#### Customs Use Only

Approved   ☐

Not Approved   ☐

Further Evaluation Required   ☐